

Military Retirees Their Role in Missouri's Economic Growth

This study investigates the importance of alternative income in generating entrepreneurial activity. It answers the questions: are entrepreneurs and potential entrepreneurs more likely to be military retirees than non-military in Missouri, and are military retirees more likely to become entrepreneurs or potential entrepreneurs than non-military in Missouri?

Summary of Findings:

- ***Military retirees are more likely to be entrepreneurs than non-military workers in Missouri.*** Military retirees represent 15.8% of potential entrepreneurs and 12.0% of entrepreneurs, while representing only 10.7% of the overall population between 20 and 65.
- The most common alternative source of income among potential entrepreneurs, both military and non-military is a second job or wage income. Older (45 to 54) military potential entrepreneurs derive more than 35% of their income from retirement income.
- Construction, real estate and truck transport together comprise over 50% of the secondary jobs that military potential entrepreneurs use to supplement their income.
- Missouri's military retirees are more likely to be entrepreneurs or potential entrepreneurs than military retirees in Illinois or Kansas. Analysis of migration from one year ago shows a small inflow of entrepreneurs into Missouri from Illinois and Kansas. ***Missouri is not losing entrepreneurs or potential entrepreneurs to Illinois or Kansas.***

For the purposes of this study, entrepreneurs are defined as those individuals who receive at least 50% of their total income from self-employment. Potential entrepreneurs are defined as those individuals who receive between 25% and 50% of their total income from self-employment. The entrepreneurial activity of the population of individuals between 20 and 65 years of age is the specific subject of this study.

The American Community Survey (ACS) Public Use Microdata Sample for 2004 from the U.S. Census Bureau is used to conduct this study because it is the most recent and the most complete dataset available.



RESEARCH BRIEF

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People Receiving Alternative Sources of Income and Entrepreneurship according to the U. S. Census American Community Survey (ACS) Public Use Microdata Sample (PUMS):

The essence of this study is the investigation of the importance of other types of income in generating entrepreneurial activity. For the purposes of this study, entrepreneurs are defined as those individuals who receive at least 50% of their total income from self-employment. Potential entrepreneurs are defined as those individuals who receive between 25% and 50% of their total income from self-employment. The driving supposition of this inquiry is that military retirees may be disproportionately represented among Missouri's entrepreneurs. In other words, are military retirees more likely to become entrepreneurs than others in the workforce?

The American Community Survey (ACS) Public Use Microdata Sample¹ for 2004 from the U.S. Census Bureau is used to conduct this study because it is the most recent and the most complete dataset available. The entrepreneurial activity of the population of individuals between 20 and 65 years of age is the specific area of study.

Summary of Findings:

- Military retirees are disproportionately represented among entrepreneurs in Missouri. Military retirees represent 15.8% of potential entrepreneurs and 12.0% of entrepreneurs, while representing only 10.7% of the overall population between 20 and 65.
- The most common alternative source of income among potential entrepreneurs, both military and non-military is a second job or wage income. Older (45 to 54) military potential entrepreneurs do derive more than 35% of their income from retirement income.
- Construction, real estate and truck transport together comprise over 50% of the secondary jobs that military potential entrepreneurs use to supplement their income.
- Missouri's military retirees are more likely to be entrepreneurs or potential entrepreneurs than those in Illinois or Kansas. Analysis of migration from one year ago shows a small inflow of entrepreneurs into Missouri from Illinois and Kansas.

¹ The income terms are blank in the PUMS dataset for everyone under age 15. Among the target population 7.2% declined to provide income information and 14.1% declined to provide occupational information. This presents a caveat of 7.2% missing data in the following income analysis, and an overlap of 17.5% missing data in the occupational analysis.

Income Profiles Analysis of People Between the Ages of 20 and 65:

As individuals form and grow businesses to the stage where those businesses can sustain them financially, they must rely on alternative sources of income. Missouri's population was estimated at 5,587,906 for 2004. Of that number an estimated 3,360,428 were between the ages of 20 and 65. Of the target population 203,977 or 6.1% were entrepreneurs or potential entrepreneurs.

Entrepreneur group	military	non-military	Total
non-entrepreneur	326,815	2,586,864	2,913,679
potential entrepreneur	3,593	19,186	22,779
entrepreneur	21,826	159,372	181,198
Total	352,234 **	2,765,422	3,117,656 *

* 3,117,656 + 242,772 (7.2% missing income data) = 3,360,428 ** 352,234 + 7,694 (missing income data) = 359,928

Military retirees represent 15.8% (3,593) of potential entrepreneurs and 12.0% (21,826) of entrepreneurs in Missouri, while representing only 10.7% (359,928) of the overall population between 20 and 64. Military retirees are therefore, disproportionately represented among entrepreneurs. Those who have served in the military are also more likely to be entrepreneurs or potential entrepreneurs (7.2%) than those with no military service (6.5%).

Entrepreneurs in Missouri:

Income Profiles: What percentage of the incomes of people in each age group comes from each source (non-military only)?

Age Group	interest and dividend income	all other income	retirement income	self employment income	wage income	total person's earnings	total person's income	Number of persons
20 to 24	0.10%	0.00%	0.00%	96.03%	3.87%	99.90%	\$21,741.51	6,588
25 to 34	0.07%	0.63%	0.06%	97.73%	1.51%	99.24%	\$29,804.55	28,983
35 to 44	2.25%	0.57%	0.00%	91.81%	5.37%	97.18%	\$36,984.85	47,916
45 to 54	2.58%	0.47%	0.00%	92.97%	3.97%	96.95%	\$36,597.56	49,798
55 to 64	4.76%	0.61%	0.86%	89.07%	4.70%	93.77%	\$40,172.88	26,087

* All other income includes the categories all other income, public assistance income, supplemental security income and social security income

Income Profiles: What percentage of the incomes of people in each age group comes from each source (military only)?

Age Group	interest and dividend income	all other income	retirement income	self employment income	wage income	total person's earnings	total person's income	Number of persons
20 to 24	0.56%	0.00%	0.00%	99.44%	0.00%	99.44%	\$5,414.43	198
25 to 34	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	\$15,305.51	3,323
35 to 44	0.00%	0.00%	0.00%	98.08%	1.92%	100.00%	\$31,858.01	4,136
45 to 54	0.42%	0.00%	5.66%	92.50%	1.43%	93.93%	\$29,813.76	4,323
55 to 64	1.19%	1.26%	2.68%	94.51%	0.36%	94.87%	\$47,752.17	9,846

* All other income includes the categories all other income, public assistance income, supplemental security income and social security income

Of the 181,198 entrepreneurs in Missouri, those who begin to create most of their income from self-employment progress to generating almost all of their income from self-employment according to the above tables. Entrepreneurs over 45 years of age who have served in the military do receive some retirement income, but their main income source (over 90%) is from self-employment. Entrepreneurs and particularly those with military service derive very little of their income from working for others (less than 6% and less than 2%).

Potential Entrepreneurs in Missouri:

Of the 22,779 potential entrepreneurs, 15.8% had served in the military and 84.2% had not. From the tables below it is evident that retirement income plays a role in the income profile for potential entrepreneurs who are military retirees. The definition of retirement income in the ACS PUMS dataset is the following: Retirement income includes: (1) retirement pensions and survivor benefits from a former employer; labor union; or federal, state, or local government; and the U.S. military; (2) income from workers' compensation; disability income from companies or unions; federal, state, or local government; and the U.S. military; (3) periodic receipts from annuities and insurance; and (4) regular income from IRA and Keogh plans. This does not include Social Security income. These tables further indicate that the primary alternative source of income for potential entrepreneurs is wage income or a second job. Income from investments also plays a role for both non-military and military potential entrepreneurs between the ages of 35 and 54.

Income Profiles: What percentage of the incomes of people in each age group comes from each source (non-military only)?

Age Group	interest and dividend income	all other income	retirement income	self employment income	wage income	total person's earnings	total person's income	Number of persons
20 to 24	2.81%	0.00%	0.00%	37.15%	60.04%	97.19%	\$19,681.40	592
25 to 34	0.00%	0.00%	0.00%	35.95%	64.05%	100.00%	\$23,488.51	3,729
35 to 44	17.75%	0.91%	0.00%	34.40%	46.95%	81.34%	\$60,150.80	3,311
45 to 54	2.35%	3.82%	0.76%	39.80%	53.26%	93.06%	\$46,659.33	7,483
55 to 64	3.36%	5.26%	2.47%	31.58%	57.34%	88.91%	\$41,680.59	4,071

* All other income includes the categories all other income, public assistance income, supplemental security income and social security income

Income Profiles: What percentage of the incomes of people in each age group comes from each source (military only)?

Age Group	interest and dividend income	all other income	retirement income	self employment income	wage income	total person's earnings	total person's income	Number of persons
35 to 44	0.00%	1.03%	0.00%	26.99%	71.97%	98.97%	\$22,582.15	182
45 to 54	14.60%	0.00%	37.46%	33.33%	14.60%	47.94%	\$47,172.70	453
55 to 64	3.59%	0.30%	19.11%	38.79%	38.21%	77.00%	\$68,424.44	2,958

* All other income includes the categories all other income, public assistance income, supplemental security income and social security income

Previous Year Migration:

Analysis of migration from one year ago shows primarily movement of entrepreneurs and potential entrepreneurs within the state of Missouri. There is a small inflow of entrepreneurs into Missouri from both Illinois and Kansas.

	Migration from 1 year ago military only -- Entrepreneurs			Migration from 1 year ago military Only – Potential Entrepreneurs		
	Migration to Missouri	Migration to Illinois	Migration to Kansas	Migration to Missouri	Migration to Illinois	Migration to Kansas
Migration from Missouri	4,482	0	0	155	0	0
Migration from Illinois	212	1,300	0	0	179	0
Migration from Kansas	202	0	626	0	0	0

Migration from a state to itself represents in-state migration.

Occupational Profiles:

What kinds of second jobs were Missouri's military potential entrepreneurs doing to supplement their self-employment income?

The tables below provide the occupations and industries declared by potential entrepreneurs with military service and the percentage of all those reporting their occupations or industries that were included. Potential entrepreneurs are obtaining their supplemental income from a broad variety of occupations although construction, real estate and truck transport together comprise over 50% of the secondary jobs that military potential entrepreneurs use to supplement their income.

Occupations of Military Retiree Potential Entrepreneurs 2004

12.48%	11-9141 Property, Real Estate, and Community Association Managers
8.04%	11-9151 Social and Community Service Managers
5.92%	29-1060 Physicians and Surgeons
6.68%	37-3010 Grounds Maintenance Workers
6.09%	41-1011 First-Line Supervisors/Managers of Retail Sales Workers
7.12%	41-2031 Retail Salespersons
6.80%	41-9020 Real Estate Brokers and Sales Agents
7.54%	47-1011 First-Line Supervisors/Managers of Construction Trades and Extraction Workers
6.12%	47-2031 Carpenters
5.53%	47-2111 Electricians
5.36%	47-2141 Painters, Construction and Maintenance
6.36%	49-3021 Automotive Body and Related Repairers
4.80%	51-6093 Upholsterers
11.16%	53-3030 Driver/Sales Workers and Truck Drivers

Industries of Military Retiree Potential Entrepreneurs 2004

26.23%	Construction
7.61%	Automobile Dealers
5.13%	Furniture and Home Furnishings Stores
6.51%	Lawn and Garden Equipment and Supplies Stores
11.92%	Truck Transportation
14.40%	Real Estate
7.14%	Landscaping Services
6.32%	Offices of Physicians
8.58%	Individual and Family Services
6.16%	Religious Organizations

Comparison with Neighboring States (Kansas and Illinois):

Potential Entrepreneur Profiles (Illinois):

Illinois's population was estimated at 12,368,348 for 2004. Of that number an estimated 7,427,526 were between the ages of 20 and 65. Of the target population in Illinois 388,216 or 3.1% were entrepreneurs or potential entrepreneurs. Military retirees represent 6.4% of potential entrepreneurs and 7.9% of entrepreneurs in Illinois, while representing 7.1% of the overall population between 20 and 64. Military retirees are thus not disproportionately represented among entrepreneurs in Illinois. There are also proportionally no more entrepreneurs among military retirees than non-military persons between 20 and 64. Those who have served in the military are no more likely to be entrepreneurs or potential entrepreneurs (5.3% for both military and non-military) than those with no military service.

Retirement income plays no greater role for military retirees than for non-military retirees with respect to entrepreneurial activity in Illinois. Interest income does seem to play a greater role as an alternative source of income for Illinois's potential entrepreneurs than for Missouri's potential entrepreneurs.

Analysis of migration from one year ago shows no movement of entrepreneurs from Missouri into Illinois. Most of the one year ago migration among entrepreneurs and potential entrepreneurs is within the state. There is a small inflow of entrepreneurs into Illinois from Indiana.

Potential Entrepreneur Profiles (Kansas):

Kansas's population was estimated at 2,653,454 for 2004. Of that number an estimated 1,571,480 were between the ages of 20 and 65. Of the target population in Kansas 133,238 or 5.0% were entrepreneurs or potential entrepreneurs. Military retirees represent 9.2% of potential entrepreneurs and 8.8% of entrepreneurs in Kansas, while representing 10.0% of the overall population between 20 and 64. Military retirees are not disproportionately represented among entrepreneurs in Kansas. There are also proportionally fewer entrepreneurs among military retirees than non-military persons between 20 and 64. Those who have served in the military are less likely to be entrepreneurs or potential entrepreneurs (6.6% for military as opposed to 7.8% for non-military) than those with no military service.

Retirement income only plays a role in the alternative income profiles of the oldest potential entrepreneurs in Kansas (55 to 64). Wage income or second jobs are the primary source of alternative income followed by interest income.

Analysis of migration from one year ago shows no movement of entrepreneurs from Missouri into Kansas. All of the one year ago migration among entrepreneurs and potential entrepreneurs is within the state.

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For more information

www.MissouriEconomy.org

580 Harry S Truman Building

PO Box 3150

Jefferson City, MO 65102-3150

PHONE 573-751-3595 • FAX 573-751-8385